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THE LEHIGH VALLEY RAILROAD COMPANY
JANUARY 11TH 1898

FORTY-THIRD ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

LEHIGH VALLEY RAILROAD COMPANY.

TO THE

STOCKHOLDERS.

JANUARY 11TH, 1898.

PRESS OF ALLEN, LANE & SCOTT, PHILA.

FORTY-THIRD ANNUAL REPORT

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LEHIGH VALLEY RAILROAD COMPANY

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JANUARY 11TH, 1898.

LEHIGH VALLEY RAILROAD COMPANY.



BOARD OF DIRECTORS:

CHARLES HARTSHORNE,
ELISHA P. WILBUR,
JOHN B. GARRETT,
BEAUVEAU BORIE,
JOSEPH WHARTON,
THOMAS McKEAN,

EUGENE DELANO,
EDWARD T. STOTESBURY,
CHARLES H. COSTER,
JUSTUS C. STRAWBRIDGE,
IRVING A. STEARNS,
ABRAM NESBITT.

OFFICERS.

President,

ALFRED WALTER,

Vice-President,

CHARLES HARTSHORNE.

Second Vice-President,

JOHN B. GARRETT.

Secretary,

JOHN R. FANSHAWE.

Treasurer,

J. ANDREWS HARRIS, JR.

Comptroller,

ISAAC McQUILKIN.

Assistant Secretary,

DAVID G. BAIRD.

FORTY-THIRD ANNUAL REPORT.

214752

PHILADELPHIA, January 11th, 1898.

To the Stockholders of the Lehigh Valley Railroad Company:

The following report of the business of your Company and its allied interests for the fiscal year ended November 30th, 1897, is submitted:—

INCOME ACCOUNT.

	1897	1896
Gross earnings from operation	\$19,559,166 96	\$19,641,897 35
Operating expenses, including county and local taxes	14,413,330 55	14,710,894 97
	\$5,145,836 41	\$4,931,002 38
Add net receipts from other transportation lines operated conjointly with Lehigh Valley Railroad	156,252 77	193,679 80
Net earnings	\$5,302,089 18	\$5,124,682 18
Less State taxes	\$360,000 00	\$336,176 06
Balance of interest account	25,117 69	65,041 95
Loss on Morris Canal, Lehigh Valley Creosoting Company, loss and depreciation on Lehigh Valley Transportation Company, Bee Line, and Perth Amboy Towing Line	231,930 65	272,148 25
Surplus for year ended August 31st, due to Lehigh and New York Railroad Company, lessors	8,004 10	9,039 10
	625,052 44	682,405 36
Add income from other sources (see page 23)	\$4,677,036 74	\$4,442,276 82
	880,036 18	482,479 33
Net available income	\$5,557,072 92	\$4,924,756 15
From which deduct interest on funded debt and fixed rental of leased lines . .	\$4,744,205 86	\$4,484,032 50
Interest on bonds of the Lehigh Valley Coal Company, guaranteed by this Company	710,204 17	590,650 00
	5,454,410 03	5,074,682 50
Surplus carried to profit and loss account	\$102,662 89	* \$149,926 35

* Deficit.

For the purpose of comparison the income account for 1896 is stated on same basis as for 1897.

READJUSTMENT OF ACCOUNTS.

Your Board has thought it proper at this time to consider and re-value the personal property of your Company other than such permanent investments as represent, through ownership of securities, an integral part of the transportation system of your Company, or its investment in securities of your coal companies. An inventory and appraisement has been made of your equipment as of November 30th, 1896, and the value on your books of investments in properties not an essential part of your system has been revised.

The basis of the appraisement of your equipment is the valuation at which it was taken by the Philadelphia and Reading Railroad Company at the time the lease of your property was made to that company. Deducting the usual percentages for annual depreciation since that time, together with the value of the equipment destroyed and condemned in the interval, it was found that the book value of coal, freight, and service cars had been impaired to the extent of \$5,866,182.38. On the same basis the value of your locomotive engines and passenger cars was found to exceed the book value by \$518,387.92. The difference between these two amounts has been written off to profit and loss, the Lehigh Valley Railroad equipment account being reduced \$5,058,827.98, and credit given to an account "Depreciation of Equipment of Controlled Companies" for \$288,966.48.

The investments in properties not essentially a part of your system show a depreciation of \$132,906.81.

The interest that had accrued on the outstanding obligations of the railroad company and the coal company prior to December 1st, 1896, but was not then due, has been charged to profit and loss account.

The profit and loss account, after making these adjustments, is as follows :—

GENERAL PROFIT AND LOSS ACCOUNT.

ADJUSTMENTS FROM DECEMBER 1st, 1896, TO NOVEMBER 30th, 1897, INCLUSIVE.

CREDIT.

Credit balance, November 30th, 1896	\$7,534,277 24	
Credit balance of Income Account, year 1897	102,662 89	
Adjustment of taxes	49,550 02	
Interest on Coal Ridge Improvement and Coal Company bonds belonging to previous years	34,605 00	
Sundry receipts belonging to previous years	26,392 25	
Uncollected wages prior to May, 1892	17,764 17	
Received proportion of old account, previously written off as worthless	1,900 00	
Profit on sale of securities	741 00	
Correction of construction charges against auxiliary companies, previous years	622 17	
Vouchers not presented for payment	81 62	
		\$7,768,596 36

DEBIT.

Depreciation of equipment	\$5,347,794 46	
Interest on funded debt and guarantees accrued prior to December 1st, 1896, Discount	683,337 07	
Interest on Lehigh Valley Coal Company bonds accrued prior to December 1st, 1896	582,500 00	
Open book accounts, notes, &c., of previous years considered uncollectible	245,458 31	
Estimated depreciation in securities	166,506 50	
Loss on Bee Line, years 1895 and 1896	132,906 81	
Proportion of cost of signal plant expended prior to December 1st, 1896, Expense items belonging to previous years	55,926 31	
Surplus for year ended August 31st, 1896, due to Lehigh and New York Railroad Company, lessors	157,567 14	
	10,082 24	
	9,039 10	
		7,391,117 94
Credit balance, November 30th, 1897, as per balance sheet		\$377,478 42

MORTGAGE AND COLLATERAL TRUST BONDS.

Under date of May 1st last, this Company executed its mortgage and collateral trust deed to The Girard Life Insurance, Annuity and Trust Company of Philadelphia, trustee, for the maximum amount of \$15,000,000, to secure a present issue of \$8,000,000 five per cent. gold bonds, which, after January 1st, 1900, may be increased by \$7,000,000, under carefully guarded conditions, at the rate of \$1,000,000 annually, to provide funds for new construction, equipment, &c., and other acquisitions of new property, all of which are to be subject to the mortgage.

The property pledged to secure this mortgage includes the entire railroad and equipment of this Company (subject to prior mortgages), various real estate mortgages held by this Company, sundry stocks of various companies owning railroad and steamship lines belonging to the Lehigh Valley system, the stocks and bonds of sundry coal and other companies, and the car-trust bonds of the Lehigh Valley Terminal Railway Company owned by this Company.

Five million dollars of these bonds have been sold, the proceeds of which have been applied to the extinguishment of the floating debt of the Company, the acquisition of other property authorized by your Board of Directors, and to provide the Company with ample working capital.

The remaining \$3,000,000 are held in the treasury of the Company available for construction and other purposes, as may be required at any time.

CAPITAL STOCK.

There was no change in the share capital of the Company during the year. It consists of—

806,696 shares common stock, par \$50	\$40,334,800 00
2,126 shares preferred stock, par \$50	106,300 00
Total capital stock	<u>\$40,441,100 00</u>

STATEMENT OF FUNDED DEBT AND INTEREST.

	PRINCIPAL.	DATE OF MATURITY.	INTEREST.		
			Rate.	Due.	Amount.
Lehigh Valley R. R. Co.:—					
First mortgage bonds	\$5,000,000	June 1st, 1898 . .	6% . . .	June and Dec. .	\$300,000 00
Second mortgage bonds	6,000,000	Sept. 1st, 1910 . .	7% . . .	Mar. and Sept.	420,000 00
Consolidated mortgage bonds:—					
Sterling \$284,000		Dec. 1st, 1897 . .	6% . . .	June and Dec. .	
Coupon 1,319,000		Dec. 1st, 1923 . .	6% . . .	“ . . .	
Registered 4,319,000		“	6% . . .	“ . . .	
Annuity 9,812,000		Indefinite	6% . . .	“ . . .	944,040 00
	15,734,000				
Coupon \$1,669,000		Dec. 1st, 1923 . .	4½% . . .	“ . . .	
Registered 3,093,000		“	4½% . . .	“ . . .	
Annuity 2,538,000		Indefinite	4½% . . .	“ . . .	328,500 00
	7,300,000				
Mortgage and collateral trust bonds	5,000,000	May 1st, 1997 . .	5% gold	May and Nov.	71,062 51
Car trust, series A, bonds	850,000	{ Due in semi-annual pay- ments to Feb. 1st, 1906. }	5% gold	Feb. and Aug.	43,916 67
Car trust, series B, bonds	450,000	{ Due in semi-annual pay- ments to Aug. 1st, 1906. }	5% gold	“ . . .	23,541 68
Total	\$40,334,000				\$2,131,060 86

The final drawing of our issue of consolidated mortgage sterling bonds has been made, under which all outstanding sterling bonds, amounting to \$284,000, became due and payable December 1st, 1897.

STATEMENT OF GUARANTEES, INTEREST, AND RENTAL OF LEASED LINES.

NAME.	PRINCIPAL.	DATE OF MATURITY.	INTEREST.		
			Rate.	Due.	Amount.
Penna. and New York Canal and R. R. Co.:—					
First mortgage bonds \$1,500,000		June 1st, 1906 . .	7% . . .	June and Dec. .	\$105,000 00
Consolidated mortgage bonds 4,000,000		April 1st, 1939 . .	5% . . .	April and Oct. .	200,000 00
Consolidated mortgage bonds 1,500,000		“	4½% . . .	“ . . .	67,500 00
Consolidated mortgage bonds 3,000,000		“	4% . . .	“ . . .	120,000 00
	\$10,000,000				
Easton and Amboy R. R. Co.:—					
First mortgage bonds	6,000,000	May 1st, 1920 . .	5% . . .	May and Nov. .	300,000 00
The Lehigh Valley R. W. Co.:—					
First mortgage bonds	15,000,000	July 1st, 1940 . .	4½% gold	Jan. and July .	675,000 00
Lehigh Valley Terminal Ry. Co.:—					
First mortgage bonds	10,000,000	October 1st, 1941	5% gold .	April and Oct. .	500,000 00
Carried forward	\$41,000,000				\$1,967,500 00

STATEMENT OF GUARANTEES, INTEREST, AND RENTAL OF LEASED LINES.—Continued.

NAME.	PRINCIPAL.	DATE OF MATURITY.	INTEREST.		
			Rate.	Due.	Amount.
Brought forward	\$41,000,000				\$1,967,500 00
Morris Canal and Banking Co.:—					
^a Preferred stock \$1,175,000			10%		117,500 00
^b Consolidated stock 1,025,000			4%		41,000 00
* First mortgage bonds 500,000		October 1st, 1920	6%	April and Oct.	30,000 00
Lehigh and New York R. R. Co.:—	2,700,000				
First mortgage bonds	2,000,000	Sept. 1st, 1945	4% gold	March and Sept.	80,000 00
Easton and Northern R. R. Co.:—					
First mortgage bonds 51,000		Nov. 1st, 1935	4½% gold	May and Nov.	2,295 00
Middlesex Valley R. R. Co.:—	375,000	Nov. 1st, 1942	5% gold	May and Nov.	18,750 00
^c First mortgage bonds					
Elmira, Cortland and Northern R. R. Co.:—					
† First preferred mortgage bonds, \$750,000		April 1st, 1914	6% gold	April and Oct.	45,000 00
First mortgage bonds 1,250,000		" "	5% gold	" "	62,500 00
Canastota Northern R. R. Co.:—	2,000,000				
† First mortgage bonds	300,000	July 1st, 1906	6% gold	Jan. and July	18,000 00
Schuylkill and Lehigh Valley R. R. Co.:—					
* First mortgage bonds	2,000,000	March 1st, 1943	5% gold	March and Sept.	100,000 00
Rochester Southern R. R. Co.:—					
* First mortgage bonds	425,000	Nov. 1st, 1945	5% gold	May and Nov.	21,250 00
Hazleton Coal Co.:—					
* First mortgage bonds	2,000,000	Sept. 1, 1936	5% gold	March and Sept.	100,000 00
Greenville and Hudson Ry. Co.:—					
* First mortgage bonds	350,000	May 1st, 1997	5% gold	May and Nov.	8,750 00
Waverly and State Line R. R. Co.:—					
Rental					600 00
Lehigh Valley Coal Co.:—					
^d Mortgage bonds, issue of 1892	11,697,000	Jan. 1st, 1933	5% gold	Jan. and July	585,204 17
* Mortgage bond, issue of 1897	5,000,000	May 1st, 1947	5% gold	May and Nov.	125,000 00
Delano Land Co.	1,154,000	Jan. 1st, 1932	5% gold	Jan. and July	58,800 00
Total	\$71,052,000				\$3,382,149 17

RECAPITULATION.

	PRINCIPAL.	INTEREST.
Lehigh Valley Railroad Company, funded debt	\$40,334,000 00	\$2,131,060 86
Guarantees and rental of leased lines	53,201,000 00	2,613,145 00
Total interest on funded debt and fixed rental of leased lines as per income account		\$4,744,205 86
Lehigh Valley Coal Company	16,697,000 00	710,204 17
Interest charge as per income account		\$5,454,410 03
Total interest charged to income account	1,154,000 00	58,800 00
Delano Land Company		
Total principal of funded debt and guarantees	\$111,386,000 00	\$5,513,210 03
Total interest on same accrued during year 1897		

NOTE.—The interest on bonds of the Delano Land Company matured during the year was paid by that Company.

* All owned by Lehigh Valley Railroad Company.

† Not guaranteed by Lehigh Valley Railroad Company, but are a mortgage lien on property which is a part of its system by ownership of capital stock.

^a Lehigh Valley Railroad Company owns \$271,400.

^b Lehigh Valley Railroad Company owns \$318,300.

^c Lehigh Valley Railroad Company owns \$164,000.

^d Lehigh Valley Railroad Company owns \$1,400,000.

CONSTRUCTION.

In table 7 are shown the amounts advanced by your Company during the fiscal year for the construction of subsidiary lines, appended to which is a list of the securities received for such advances during 1897 and previous years.

EQUIPMENT.

During your past fiscal year equipment has been destroyed and condemned as follows :—

7 passenger locomotives.	210 8-wheel freight cars.
4 freight locomotives.	14 4-wheel freight cars.
6 switching locomotives.	49 4-wheel service cars.
2477 4-wheel coal cars.	50 8-wheel service cars.
70 8-wheel coal cars.	2 passenger coaches.

The estimated cost to replace this equipment is \$635,320.78, which amount has been charged to your operating expenses during the year. A Reserve Account has been opened, to the credit of which the above amount has been placed, which credit will be diminished from time to time by charging this account with the cost of cars and locomotives bought or rebuilt to replace those referred to above.

By the purchase from the Dairy Car Company of 40 milk cars used in that service, payments of car mileage will be largely reduced. The cost of these cars, \$87,193.32, has been charged to equipment account.

ACCOUNT WITH THE PHILADELPHIA AND READING RAILROAD COMPANY, LESSEES.

No settlement has yet been reached of your account with the Philadelphia and Reading Railroad Company, lessees, and the Receivers.

It is proper to state that the accounts relating to the lease have not been revalued, nor can your Board express any opinion as to their value. It is hoped that some settlement will be reached during the coming year, and appropriate entries will then be made in profit and loss account according to the actual outcome.

GENERAL REMARKS.

There has been charged to income account the interest on your funded debt and guaranteed obligations that accrued during the fiscal year, without regard to the date of its payment, instead of the amount actually paid during the year as heretofore. This change does not materially affect the amount chargeable to income during the year, the difference being an excess charge of \$16,451.42. The amounts shown in the balance sheet as accrued interest due are all that have accrued since the respective interest periods up to and including November 30th, 1897.

For the years 1894 to 1897, inclusive, there has been charged to the income account, in those years, in addition to the loss from operation, an estimated amount of depreciation on the fleet of the Lehigh Valley Transportation Company. Previous to the year 1894, this depreciation was charged against the profits in the operation of the Lake Line. For the years first named it amounted to \$164,140.

There has also been charged to income account, during the past year, an estimate of the amount of depreciation on equipment owned by this Company in New York Harbor and vicinity, amounting to \$35,815.22. This will bring the book value of your marine equipment well within its actual value at the close of the year.

The necessary repairs to maintain your equipment, track, and other property during the past year have been made. All improvements to the railroad property, other than distinctly new construction of subsidiary lines, have been charged to operating expenses.

Of the amount standing charged to construction work in progress at the beginning of the year, \$157,567.14, representing cost of signal plant expended prior to December 1st, 1896, has been charged to profit and loss, and the remainder, \$29,760.72, representing work not then completed, has been included in the operating expenses of the year, or charged to the construction accounts of railroad lines included in the Lehigh Valley system.

The volume of business during the year has not materially varied from that of the year which immediately preceded it. The movement of anthracite coal was somewhat less than in 1896, but was limited, not by lack of facilities of this Company, nor by local conditions applicable to it alone, but by a lessened demand for consumption in the country at large, which reduced the output from all regions about 1,500,000 tons. The movement of miscellaneous freights shows an increase of through and a decrease of local business, the average distance hauled being increased from 238.57 miles in 1896 to 244.23 miles in 1897, or 2.37 per cent. The abundant crops of our Western States and the unusually large demand of other countries for American breadstuffs have caused a movement over the whole length of our main line, from which the Company derived a liberal revenue during the last three months of the fiscal year. This movement has slackened somewhat since the close of Lake navigation, but indications are not lacking that it will be renewed so soon as markets are readjusted to the higher rates of all-rail transportation.

The decrease of \$131,789.17 in earnings from coal and miscellaneous freights was offset by an increase of \$142,596.08 in passenger, express, and mail service. Here also the through business gains over the local, the average distance traveled showing an increase from 25.13 miles in 1896 to 27.75 miles in 1897, or 10.4 per cent.

On pages 14 and 15 the general balance sheet is presented, and detailed statements of earnings and expenses, of income from other sources, and various statistical tables will be found appended to this report.

A summary of the operations of the Lehigh Valley Coal Company during the year, together with its income account, profit and loss account, and general balance sheet will also appear in the following pages.

On July 13th, 1897, Mr. E. P. Wilbur, for some years President of your Company, ✓ resigned, and Mr. Alfred Walter was elected President. Messrs. William L. Conyngham, Charles O. Skeer, and George H. Myers resigned as Directors, and the vacancies so created were filled by the election of Messrs. E. P. Wilbur, Edward T. Stotesbury, and Charles H. Coster.

By order of the Board,

ALFRED WALTER,

President.

CONDENSED BALANCE SHEET, NOVEMBER 30TH, 1897, AND COMPARISON WITH NOVEMBER 30TH, 1896.

Dr.

LEHIGH VALLEY RAILROAD COMPANY.

ASSETS.			DURING YEAR 1897.	
			INCREASE.	DECREASE.
RAILROAD.				
Cost of road	\$18,639,291 95		\$2,133 92	
Construction work in progress				\$187,327 86
EQUIPMENT	19,018,419 98			4,952,252 66
REAL ESTATE	1,805,019 63			218,793 04
SECURITIES OWNED.				
Mortgages receivable	\$733,303 90			22,613 04
Stocks of railroad and water lines in- cluded in Lehigh Valley system	18,189,701 78		962,279 87	
Stocks of allied coal companies	1,262,748 29			11,060 53
Stocks of other companies	863,457 00		155,842 30	
Bonds of railroad and water lines in- cluded in Lehigh Valley system	3,398,926 00		465,625 00	
Bonds of Lehigh Valley Coal Company,	6,400,000 00		5,000,000 00	
Bonds of other coal companies	1,022,183 17			1,038 46
Bonds of other companies	179,002 00			57,742 58
Car Trust certificates Lehigh Valley Terminal Railway	900,000 00			100,000 00
	32,949,322 14			
OTHER PERMANENT INVESTMENTS.				
Advances to railroad and water lines included in Lehigh Valley system	5,481,329 05			632,553 54
CURRENT ASSETS.				
Cash	\$3,449,719 55		2,323,534 20	
Deposit in London to meet drawn bonds and coupons	19,675 31			15,576 77
Due by station agents	1,032,100 25		345,323 90	
Due by individuals and companies	865,354 34		191,867 06	
Traffic balances due by other companies	751,878 84		511,490 43	
Bills receivable and call loans	541,471 14			406,551 23
Advances to Lehigh Valley Coal Com- pany	1,079,914 87			4,086,974 98
Advances to other controlled coal companies	232,615 85			18,108 63
Advances to other companies	656,311 55		36,512 78	
	8,629,041 70			
MATERIAL AND SUPPLIES ON HAND,	748,644 74			448,000 01
CONTINGENT ASSETS.				
Philadelphia and Reading Railroad, lessees	3,218,135 67		7,144 35	
Total assets	\$90,489,204 86			\$1,156,839 52

CONDENSED BALANCE SHEET, NOVEMBER 30TH, 1897, AND COMPARISON
WITH NOVEMBER 30TH, 1896.

LEHIGH VALLEY RAILROAD COMPANY.

Cr.

LIABILITIES.			DURING YEAR 1897.	
			INCREASE.	DECREASE.
CAPITAL STOCK		\$40,441;100 00		
FUNDED DEBT		40,334,000 00	\$4,774,000 00	
DEPRECIATION OF EQUIPMENT.				
Equipment renewal reserve	\$635,320 78		635,320 78	
Depreciation of marine equipment	199,955 22		199,955 22	
Depreciation of equipment of controlled companies	288,966 48		288,966 48	
CURRENT LIABILITIES.		1,124,242 48		
Bills payable				\$2,453,000 00
Mortgages on real estate	\$381,851 72		34,000 00	
Sterling bonds drawn and uncalled for,	3,000 00			2,000 00
Dividends uncalled for	151 18			
Morris Canal dividends uncalled for	5,028 70		1,113 00	
Bond interest due and uncalled for	44,789 25		13,817 00	
Accrued bond interest and rentals	1,539,773 76		699,695 76	
Accrued interest Lehigh Valley Coal Company bonds	243,687 50		243,687 50	
November pay roll paid in December,	707,631 71		600,719 12	
Audited vouchers, including November bills, paid in December	755,972 11		754,971 08	
Due to individuals and companies	44,416 17			156,823 84
Traffic balances due to other companies	178,877 60		140,036 82	
Uncollected wages	7,114 93			17,542 52
Employees' pension fund	8,699 99		8,699 99	
Lehigh and New York Railroad Company, lessors	10,733 96		10,733 96	
Unadjusted tax accounts	426,843 48		7,067 98	
DEFERRED LIABILITIES.		4,358,572 06		
Lehigh Valley Terminal Railway Company	\$1,525,876 60		29,938 89	
Easton and Amboy Railroad Company	281,504 17			7,325 00
Insurance fund, "Bee Line"	153,000 00		11,000 00	
Insurance on storehouse	21,500 00		21,500 00	
Sundry accounts	168,489 99		168,489 99	
CONTINGENT LIABILITIES.		2,150,370 76		
Philadelphia and Reading Railroad Company, lessees, construction	\$1,104,487 21			
Philadelphia and Reading Railroad Company, lessees, equipment	452,041 60			
Unadjusted lease accounts	146,912 33			7,062 91
Total liabilities		1,703,441 14		
PROFIT AND LOSS TO BALANCE		\$90,111,726 44	\$5,999,959 30	
Total		377,478 42		\$7,156,798 82
		\$90,489,204 86		\$1,156,839 52

LEHIGH VALLEY COAL COMPANY.

There was produced during 1897, by the collieries in which the Lehigh Valley Coal Company and the subsidiary companies in which it and the Lehigh Valley Railroad Company are interested, a tonnage aggregating 4,384,442.11 tons of all sizes, a decrease of 713,748.09 tons from the figures for 1896, and a decrease of 1,099,607.12 tons compared with the figures for 1895.

The sources from which this tonnage was derived during the years named, and the quantities from each, are shown in the table below, viz.:—

	1897	1896	1895
Lehigh Valley Coal Company	2,613,725.15	2,819,756.18	2,619,959.16
Tenants of Lehigh Valley Coal Company	636,340.01	878,719.07	1,155,842.19
Tenants of companies controlled by Lehigh Valley Coal Company	502,663.02	613,436.11	945,554.18
Tenants (other than Lehigh Valley Coal Company) controlled by Lehigh Valley Railroad Company	631,713.13	786,278.04	762,692.10
Total tonnage	4,384,442.11	5,098,191.00	5,484,050.03

The present capacity of the collieries operated by the Lehigh Valley Coal Company is equal to that at the close of the fiscal year of 1896.

The tonnage from the Snow Shoe coal properties for the year was 251,323 tons, as compared with 120,513.19 tons for the fiscal year of 1896. The earnings from this property during the past year have been sufficient to pay the interest on its mortgage.

The amount standing charged to colliery improvements on the coal company books, was reduced \$1,500,000, which amount was charged to profit and loss account. The cost of all improvements made to the collieries during the year was charged to operating expenses, and included in the cost of mining coal.

In addition to this, it will be necessary to fix a sum per ton, to be charged against the coal mined in each year from the properties on which these improvements were made, so that when the coal is exhausted nothing will remain charged against the improvements on such property.

On April 30th, 1897, a mortgage bond for \$5,000,000, due in 1947, and bearing interest at the rate of five per cent. per annum, being a first lien on a portion of the estate of the Lehigh Valley Coal Company, and a second lien on the remainder, was issued to the Lehigh Valley Railroad Company in liquidation of advances previously made by that Company to the Lehigh Valley Coal Company, for purchase of new properties and for improvements. This bond is included in the securities covered by the mortgage and collateral trust deed of the railroad company, to which prior reference has been made.

Under the terms of the mortgage of 1892 providing for a sinking fund, there has been charged during the past year to the cost of mining coal and set aside the sum of \$60,290.87. This amount has, since the close of the fiscal year, been paid to the trustees under the mortgage, for the purchase and cancellation of bonds secured by the mortgage, reducing the outstanding principal of the loan as of January 1st, 1898.

INCOME ACCOUNT YEAR ENDED NOVEMBER 30TH, 1897.

LEHIGH VALLEY COAL COMPANY.

Income from investments		\$55,338 56
Royalties on coal mined by others from Company's lands		83,466 31
Rents receivable		18,102 18
Credit balance of interest account		19,623 96
		<u>\$176,531 01</u>
Less :		
Net loss on sales of coal	\$106,770 78	
State and local taxes not charged against cost of coal	19,450 22	
Depreciation of coal storage plants in addition to \$27,931.91 included in coal selling expenses	15,132 77	
Interest on Snow Shoe bonds	25,000 00	
		<u>166,353 77</u>
Net surplus		<u><u>\$10,177 24</u></u>

GENERAL PROFIT AND LOSS ACCOUNT.

LEHIGH VALLEY COAL COMPANY.

ADJUSTMENTS FROM DECEMBER 1ST, 1896, TO NOVEMBER 30TH, 1897, INCLUSIVE.

CREDIT.		
Credit balance, November 30th, 1896	\$1,928,551 78	
Credit balance of income account, year 1897	10,177 24	
		<u>\$1,938,729 02</u>
DEBIT.		
Reduction of book value, colliery improvement accounts	\$1,500,000 00	
Correction of inventory value of stock coal, November 30th, 1896	158,935 89	
Open book accounts, notes, &c., of previous years considered uncollectible	75,959 38	
State and local taxes of previous years	91,210 53	
Land damages	5,223 19	
Estimated depreciation on land owned in Kansas	1,800 82	
		<u>1,833,129 81</u>
Credit balance, November 30th, 1897, as per balance sheet		<u><u>\$105,599 21</u></u>

CONDENSED BALANCE SHEET, NOVEMBER 30th, 1897, AND COMPARISON
WITH NOVEMBER 30TH, 1896.

Dr.

LEHIGH VALLEY COAL COMPANY.

ASSETS.			DURING YEAR 1897.	
			INCREASE.	DECREASE.
COAL PROPERTIES.				
Coal lands	\$4,617,718 35		\$206,178 58	
Colliery improvements	3,974,863 76			\$1,518,954 97
		\$8,592,582 11		
COAL STORAGE PROPERTIES AND PLANTS		850,012 32		41,024 98
OTHER REAL ESTATE		3,000 00		1,820 72
SECURITIES OWNED.				
Stocks of allied companies	\$693,568 00			
Interest in allied companies	10,000 00			
Mortgages receivable	18,876 23			
		722,444 23		
CURRENT ASSETS.				
Advanced royalties	\$3,912,679 51		320,656 28	
Royalties due by lessees	37,557 13			1,965 70
Cash	505,645 13		142,061 14	
Bills receivable	492,309 05			90,132 18
Due by individuals and companies for coal sold	3,240,359 68		1,072,100 36	
Due by individuals and companies other than coal accounts	107,455 48		48,181 80	
Advance insurance premiums	21,374 60			63,692 06
Trustees of sinking fund . \$85,182 35				
Less bonds canceled in 1897 85,000 00				
	182 35			1,751 56
		8,317,562 93		
STOCK OF COAL ON HAND		2,311,141 59		379,143 44
MATERIAL AND SUPPLIES ON HAND		73,634 37		27,355 79
Total assets		\$20,870,377 55		\$336,663 24

CONDENSED BALANCE SHEET, NOVEMBER 30TH, 1897, AND COMPARISON
WITH NOVEMBER 30TH, 1896.

LEHIGH VALLEY COAL COMPANY.

Cr.

LIABILITIES.			DURING YEAR 1897.	
			INCREASE.	DECREASE.
CAPITAL STOCK.		\$650,000 00		
FUNDED DEBT.				
First mortgage five per cent. gold loan	\$11,697,000 00			\$85,000 00
Five per cent. gold bond	5,000,000 00		\$5,000,000 00	
Snow Shoe bonds	500,000 00			
DEPRECIATION OF COAL LANDS PER SINKING FUND		17,197,000 00		
CURRENT LIABILITIES.		357,853 08	357,853 08	
Advanced royalties	76,220 89			5,612 30
Royalties accrued unpaid	7,280 14			16,351 99
Due to Lehigh Valley Railroad Com- pany	1,079,914 87			4,086,974 98
Due to operators for November coal .	684,324 28			114,208 64
Due to individuals and companies other than coal accounts	29,096 54		15,234 72	
Audited vouchers, including Novem- ber bills paid in December	395,321 07		141,450 96	
Pay roll for November paid in De- cember	274,767 47		266,898 48	
Unadjusted tax accounts	13,000 00		13,000 00	
		2,559,925 26		
Total liabilities		\$20,764,778 34	\$1,486,289 33	
PROFIT AND LOSS TO BALANCE		105,599 21		\$1,822,952 57
Total		\$20,870,377 55		\$336,663 24

NEW YORK, January 10th, 1898.

Alfred Walter, Esq., President Lehigh Valley Railroad Company, Philadelphia, Pa.

DEAR SIR:—At your request I visited Philadelphia, and beg to report that in the Comptroller's office of your Company there, I examined and verified—

I.

The earnings and operating expenses and income accounts, of the Lehigh Valley Railroad Company and the Lehigh Valley Coal Company respectively, for the fiscal year ended November 30th, 1897 ;

II.

Their general balance sheets at November 30th, 1897.

I therefore certify, that the elements constituting such income accounts and balance sheets are fully and fairly set forth, and reflect truthfully the earning capacity of the two Companies respectively for the year under review, and their financial condition at the end thereof.

Every facility necessary to my examination was cordially extended to me, and is acknowledged accordingly.

Yours very truly,

STEPHEN LITTLE.

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Table 1.

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES.

	1897	1896	INCREASE.	DECREASE.
EARNINGS :—				
From coal traffic	\$8,560,418 07	\$8,623,573 81		\$63,155 74
“ miscellaneous freight traffic . .	7,403,470 83	7,472,104 26		68,633 43
“ passenger traffic	2,672,547 13	2,556,535 68	\$116,011 45	
“ express and mail	366,666 73	340,082 10	26,584 63	
“ miscellaneous	556,064 20	649,601 50		93,537 30
Total earnings	\$19,559,166 96	\$19,641,897 35		\$82,730 39

	1897	1896	INCREASE.	DECREASE.
EXPENSES :—				
Maintenance of way and structures . .	\$1,953,488 68	\$2,082,912 77		\$129,424 09
Maintenance of equipment	2,996,863 63	2,604,686 50	\$392,177 13	
Conducting transportation	8,647,390 38	9,230,031 26		582,640 88
General expenses	595,450 51	584,712 02	10,738 49	
County and local taxes	220,137 35	208,552 42	11,584 93	
Total operating expenses	\$14,413,330 55	\$14,710,894 97		\$297,564 42
Ratio of expenses to earnings	73.69%	74.89%		1.20%

The debit balance of car mileage account was last year deducted from miscellaneous earnings. This year it was charged to expenses, conducting transportation. For purpose of comparison, the statement as shown above is made on the same basis for both years.

DETAILS OF MISCELLANEOUS EARNINGS.

Coal dock earnings	\$351,137 36
Rents receivable	158,485 23
Telegraph earnings	13,763 02
Dining-car earnings	5,650 55
News privileges	5,239 92
Storage, &c.	21,788 12
Total as per above statement	<u>\$556,064 20</u>

Table 2.

INCOME FROM OTHER SOURCES.

DIVIDENDS ON STOCK:—

National Docks Railway Company	\$165,000 00
New York and Middle Coal Field Railroad and Coal Company	53,057 50
Morris Canal and Banking Company	39,872 00
Westwood Coal Company	14,437 50
Highland Coal Company	10,800 00
Buffalo Creek Railroad Company	8,750 00
Mineral Spring Coal Company	2,350 80
Philadelphia Floating Elevator Association	1,200 00
People's Railway Company	696 00
Bethlehem South Gas and Water Company	600 00
Weatherly Water Company	330 00
Locust Mountain Coal and Iron Company	81 00

\$297,174 80

INTEREST ON BONDS:—

Lehigh Valley Coal Company	\$195,000 00
Schuylkill and Lehigh Valley Railroad Company	100,000 00
Hazleton Coal Company	100,000 00
Morris Canal and Banking Company	30,000 00
Rochester Southern Railroad Company	21,250 00
Middlesex Valley Railroad Company	8,200 00
Greenville and Hudson Railway Company	8,750 00
Coal Ridge Improvement and Coal Company	23,070 00
Genesee and Wyoming Valley Railroad Company	4,500 00
Lehigh Foundry Company	32 08

490,802 08

INTEREST ON MORTGAGES

50,609 95

SUNDRY RECEIPTS:—

Waverly and State Line rental	\$600 00
Royalties	102 63
Easton and Northern Railroad earnings	2,961 54
Hazleton Coal Company receipts	21,308 54
Hazleton Water Company receipts	16,476 64

41,449 35

Total as per income account

\$880,036 18

Table 3.

**SUMMARY OF FINANCIAL OPERATIONS OF THE LEHIGH VALLEY
RAILROAD COMPANY FROM DECEMBER 1st, 1896, TO NOVEMBER 30th,
1897, OUTSIDE OF ITS INCOME ACCOUNT.**

RESOURCES TO BE ACCOUNTED FOR.

RAILROAD :—		DECREASE OF ASSETS.	
Construction work in progress		\$187,327	86
EQUIPMENT		4,952,252	66
REAL ESTATE		218,793	04
SECURITIES OWNED :—			
Mortgages receivable	\$22,613	04	
Stocks of allied coal companies	11,060	53	
Bonds of other coal companies	1,038	46	
Bonds of other companies	57,742	58	
Car Trust certificates Lehigh Valley Terminal Railway	100,000	00	
OTHER PERMANENT INVESTMENTS :—			192,454 61
Advances to railroads and water lines included in Lehigh Valley system		632,553	54
MATERIAL AND SUPPLIES ON HAND		448,000	01
CURRENT ASSETS :—			
Deposit in London to meet drawn bonds and coupons	\$15,576	77	
Bills receivable and call loans	406,551	23	
Advances to Lehigh Valley Coal Company	4,086,974	98	
Advances to other controlled coal companies	18,108	63	
			4,527,211 61
Total decrease of assets			\$11,158,593 33
FUNDED DEBT :—		INCREASE OF LIABILITIES.	
Mortgage and collateral trust bonds issued	\$5,000,000	00	
Consolidated mortgage 6 per cent. annuity bonds issued	250,000	00	
		\$5,250,000	00
Less consolidated mortgage sterling bonds, "Class A," drawn	\$326,000	00	
Car Trust bonds, "Series A," paid	100,000	00	
Car Trust bonds, "Series B," paid	50,000	00	
		476,000	00
DEPRECIATION OF EQUIPMENT :—			\$4,774,000 00
Equipment renewal reserve	\$635,320	78	
Depreciation of marine equipment	199,955	22	
Depreciation of equipment of controlled companies	288,966	48	
CURRENT LIABILITIES :—			1,124,242 48
Mortgages on real estate	\$34,000	00	
Morris Canal dividends uncalled for	1,113	00	
Bond interest due and uncalled for	13,817	00	
Accrued bond interest and rentals	699,695	76	
Accrued interest Lehigh Valley Coal Company bonds	243,687	50	
November pay roll paid in December	600,719	12	
Audited vouchers, including November bills paid in December	754,971	08	
Traffic balances due to other companies	140,036	82	
Employees' pension fund	8,699	99	
Lehigh and New York Railroad Company, lessors	10,733	96	
Unadjusted tax accounts	7,067	98	
DEFERRED LIABILITIES :—			2,514,542 21
Lehigh Valley Terminal Railway Company	\$29,938	89	
Insurance fund, "Bee Line"	11,000	00	
Insurance on store house	21,500	00	
Sundry accounts	168,489	99	
			230,928 88
Total increase of liabilities			8,643,713 57
Grand total to be accounted for			\$19,802,306 90

Table 3.

This sum is accounted for as follows, viz.:—

RAILROAD:—		INCREASE OF ASSETS.	
Cost of road		\$2,133	92
SECURITIES OWNED:—			
Stocks of railroad and water lines included in Lehigh Valley system	\$962,279	87	
Stocks of other companies	155,842	30	
Bonds of railroad and water lines included in Lehigh Valley system	465,625	00	
Bonds of Lehigh Valley Coal Company	5,000,000	00	
			6,583,747 17
CURRENT ASSETS:—			
Cash	\$2,323,534	20	
Due by station agents	345,323	90	
Due by individuals and companies	191,867	06	
Traffic balances due by other companies	511,490	43	
Advances to other companies	36,512	78	
			3,408,728 37
CONTINGENT ASSETS:—			
Philadelphia and Reading Railroad, lessees			7,144 35
Total increase of assets			\$10,001,753 81
CURRENT LIABILITIES:		DECREASE OF LIABILITIES.	
Bills payable	\$2,453,000	00	
Sterling bonds drawn and uncalled for	2,000	00	
Due to individuals and companies	156,823	84	
Uncollected wages	17,542	52	
			\$2,629,366 36
DEFERRED LIABILITIES:—			
Easton and Amboy Railroad Company			7,325 00
CONTINGENT LIABILITIES:—			
Unadjusted lease accounts			7,062 91
Total decrease of liabilities			2,643,754 27
		DECREASE OF PROFIT AND LOSS.	
By balance of credit of profit and loss, November 30th, 1896	\$7,534,277	24	
By balance of credit of profit and loss, November 30th, 1897	377,478	42	
Decrease for the year			7,156,798 82
Grand total accounted for			\$19,802,306 90

Table 4.

DETAILED STATEMENT OF OPERATING EXPENSES FOR YEAR ENDED
NOVEMBER 30TH.

	1897	1896	INCREASE.	DECREASE.
MAINTENANCE OF WAY AND STRUCTURES:—				
Repairs of roadway	\$790,332 78	\$846,572 15		\$56,239 37
Renewal of rails	113,457 81	130,401 98		16,944 17
Renewal of ties	292,204 00	337,817 62		45,613 62
Repairs of bridges and culverts	132,778 36	113,885 89	\$18,892 47	
Repairs of fences and cattle guards	15,046 84	16,432 01		1,385 17
Repairs of road crossings and signs	21,204 21	31,303 22		10,099 01
Repairs of buildings and fixtures	302,006 37	349,443 56		47,437 19
Repairs of docks and wharves	96,868 04	79,150 20	17,717 84	
Repairs of telegraph	35,997 28	32,759 88	3,237 40	
Superintendence	54,802 72	47,743 11	7,059 61	
Clerks	9,628 95	9,681 15		52 20
Road watchmen	66,559 65	63,806 20	2,753 45	
Expenses and repairs of real estate	16,955 29	16,578 77	376 52	
Stationery and printing	1,422 51	1,678 61		256 10
Other expenses	4,223 87	5,658 42		1,434 55
	\$1,953,488 68	\$2,082,912 77		\$129,424 09
MAINTENANCE OF EQUIPMENT :—				
Repairs and renewals of locomotives	\$1,081,835 70	\$995,016 98	\$86,818 72	
Repairs and renewals of passenger cars	249,554 99	250,646 06		\$1,091 07
Repairs and renewals of freight cars	637,409 68	645,841 57		8,431 89
Repairs and renewals of coal cars	585,922 16	345,458 54	240,463 62	
Repairs and renewals of work cars	35,336 63	15,330 72	20,005 91	
Repairs and renewals of floating equipment	1,398 38	304 53	1,093 85	
Shop machinery and tools	72,770 70	84,677 40		11,906 70
Superintendence	102,526 68	101,944 72	581 96	
Clerks	59,133 89	58,067 41	1,066 48	
Watchmen and laborers	83,566 75	83,757 05		190 30
Stationery and printing	1,639 26	1,539 07	100 19	
Other expenses	85,768 81	22,102 45	63,666 36	
	\$2,996,863 63	\$2,604,686 50	\$392,177 13	

Table 4.

DETAILED STATEMENT OF OPERATING EXPENSES.—*Continued.*

	1897	1896	INCREASE.	DECREASE.
CONDUCTING TRANSPORTATION:—				
Locomotive service and supplies	\$1,669,547 86	\$1,732,552 90		\$63,005 04
Fuel for locomotives	1,363,423 19	1,770,876 84		407,453 65
Train service and supplies	1,867,685 89	1,996,927 10		129,241 21
Station service and supplies	1,128,136 89	1,122,446 41	\$5,690 48	
Switchmen, flagmen, and watchmen	341,976 57	342,908 13		931 56
Expenses of telegraph	262,177 53	262,586 79		409 26
Expenses of floating equipment	4,519 84	1,992 61	2,527 23	
Superintendence	93,788 25	88,990 53	4,797 72	
Clerks	168,836 57	170,978 25		2,141 68
Terminal shipping expenses	329,923 34	377,174 91		47,251 57
Damages to persons and property	131,954 65	97,412 58	34,542 07	
Outside agencies and advertising	235,204 63	204,953 76	30,250 87	
Car service	105,136 86	129,685 73		24,548 87
Expenses of fast freight lines and traffic associations	170,200 55	138,150 53	32,050 02	
Rents of tracks and terminals	560,543 34	581,532 76		20,989 42
Rents, buildings and other property	110,650 69	112,230 86		1,580 17
Stationery and printing	55,966 60	55,913 60	53 00	
Other expenses	47,717 13	42,716 97	5,000 16	
	\$8,647,390 38	\$9,230,031 26		\$582,640 88
GENERAL EXPENSES:—				
Salaries of general officers and clerks	\$328,519 49	\$307,718 38	\$20,801 11	
General office expenses and supplies	50,105 68	48,846 09	1,259 59	
Insurance	9,145 42	16,731 97		\$7,586 55
Legal expenses	85,481 93	82,387 43	3,094 50	
Stationery and printing	17,735 72	11,291 85	6,443 87	
Other general expenses	104,462 27	117,736 30		13,274 03
	\$595,450 51	\$584,712 02	\$10,738 49	
County and local taxes	\$220,137 35	\$208,552 42	\$11,584 93	
Total operating expenses	\$14,413,330 55	\$14,710,894 97		\$297,564 42

Table 5.

STATEMENT OF CHANGES IN CAPITAL ACCOUNTS FOR YEAR ENDED NOVEMBER 30TH, 1897.

RAILROAD :—

DEBIT.

Value of land transferred from real estate account.

Increase in railroad account as per balance sheet	\$2,133 92
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REAL ESTATE :—

DEBIT.

Jersey City, N. J.	\$52,166 22
Three Bridges, N. J.	746 00
Lehigh County, Pa.	8,874 37
Luzerne County, Pa.	12,000 00
Lackawanna County, Pa.	763 00
Northampton County, Pa.	115 00
Carbon County, Pa.	200 00
Geneva, N. Y.	750 00
Transfer of sundry accounts	4,349 00

\$79,963 59

CREDIT.

Transferred to railroad account	\$2,133 92
Transferred to Greenville and Hudson Railway Co.	285,088 87
Sale of sundry properties	11,533 84

298,756 63

Net decrease in real estate account as per balance sheet	\$218,793 04
--	--------------

EQUIPMENT :—

DEBIT.

Locomotive previously sold and returned	\$6,000 00
Passenger cars purchased	15,602 00
Milk cars purchased	87,193 32
Freight cars purchased	9,080 00

\$117,875 32

CREDIT.

Locomotives sold	\$7,000 00
Combination car sold	2,200 00
Freight cars sold	2,100 00

\$11,300 00

Adjustment of book value of equipment account to value of inventory of November 30th, 1896	5,058,827 98
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5,070,127 98

Net decrease in equipment account as per balance sheet	\$4,952,252 66
--	----------------

Table 6.

STATEMENT OF AMOUNTS DUE BY RAILROAD AND WATER LINES IN
LEHIGH VALLEY SYSTEM FOR ADVANCES ON ACCOUNT OF CON-
STRUCTION AND NEW PROPERTY.

RAILROADS :—		NAME.	AMOUNT.	
		Easton and Northern Railroad Company	\$317,911	78
		Loyalsock Railroad Company	165,434	26
		Pennsylvania and New York Canal and Railroad Company	55,258	75
		Wilkesbarre and Harvey's Lake Railroad Company	193,242	65
		Canastota Northern Railroad Company	309	30
		Depew and Southwestern Railroad Company	13,160	72
		Depew and Tonawanda Railroad Company	240,530	18
		Elmira, Cortland and Northern Railroad Company	5,621	55
		Lehigh and Lake Erie Railroad Company	1,639	12
		Lehigh Valley Rail Way Company	3,691,226	84
		Middlesex Valley Railroad Company	9,431	20
		Rochester Southern Railroad Company	53,373	35
		Seneca County Railway Company	84,404	42
		Bay Creek Railway Company	327	83
		Bay Side Railway Company	280	34
		Greenville and Hudson Railway Company	57,545	77
		Jersey City Belt Line Railway Company	23,966	43
		Middlesex Railway Company	2,253	57
		Newark Bay Railway Company	3,178	83
		Perth Amboy and Raritan Railway Company	29,273	85
		Pittstown Branch Railway Company	19,535	92
			<hr/>	
			\$4,967,906	66
		Less credit balance Lehigh and New York Railroad Company	2,616	32
			<hr/>	
				\$4,965,290 34
WATER LINES :—				
		Lehigh Valley Transportation Company	\$475,711	09
		Morris Canal	40,327	62
			<hr/>	
				516,038 71
		Amount due as per balance sheet	<hr/>	
				<hr/>
				\$5,481,329 05

Table 7.

STATEMENT OF ADVANCES AND CREDITS TO RAILROAD LINES INCLUDED IN LEHIGH VALLEY SYSTEM, FOR YEAR ENDED NOVEMBER 30TH, 1897.

		DEBITS.	
Easton and Northern Railroad Company :—			
Capital account :			
Grading, masonry, &c.		\$51,517 81	
Lehigh River bridge		74,623 90	
Tracks and sidings		832 17	
Legal and engineering expenses, &c.		3,661 42	
			\$130,635 30
Greenville and Hudson Railway Company :—			
Capital account :			
Grading, masonry, &c.		\$22,286 20	
Bridges		46,693 66	
Real estate transferred and right of way		401,035 45	
Legal and engineering expenses, &c.		1,810 55	
		\$471,825 86	
Less credit		42,000 00	
			429,825 86
Rochester Southern Railroad Company :—			
Capital account :			
Extension in Rochester		\$48,430 35	
Stations		3,718 95	
Real estate and right of way		399 00	
Legal and engineering expenses, &c.		1,099 53	
			53,647 83
Seneca County Railway Company :—			
Capital account :			
Grading, masonry, &c.		\$9,366 08	
Tracks and sidings		24,330 59	
Real estate and right of way		22,621 50	
Legal and engineering expenses		3,584 10	
			59,902 27
Depew and Tonawanda Railroad Company :—			
Capital account :			
Grading, masonry, &c.		\$21,066 43	
Tracks and sidings		25,963 23	
Stations and buildings		9,901 05	
Bridges		17,283 77	
Undercrossing at Depew		23,122 47	
Real estate and right of way		4,346 00	
Legal and engineering expenses, &c.		969 90	
			102,652 85
Sundry accounts debited			16,241 24
Total debits carried forward			\$792,905 35

Table 7.

Total debits brought forward \$792,905 35

CREDITS.

Securities received from railroad lines account of advances in 1897 and previous years :—

STOCK.

Middlesex Railway Company	\$2,000 00	
Newark Bay Railway Company	10,000 00	
Bay Side Railway Company	2,000 00	
Bay Creek Railway Company	20,000 00	
Jersey City Belt Line Railway Company	12,000 00	
Depew and Tonawanda Railroad Company	500,000 00	
Greenville and Hudson Railway Company	400,000 00	
		\$946,000 00

BONDS.

Rochester Southern Railroad Company	\$115,625 00	
Greenville and Hudson Railway Company	350,000 00	
		465,625 00
Sundry accounts credited		13,833 89
Total credits		1,425,458 89
Net credit account advances to railroad lines as per balance sheet		\$632,553 54

Table 8.

STATEMENT OF SECURITIES OWNED BY LEHIGH VALLEY
RAILROAD COMPANY.
COVERED BY COLLATERAL TRUST DEED.

BONDS.	BONDS.	EACH.	PAR VALUE.	TOTAL.
Morris Canal and Banking Co.	500	\$1,000	\$500,000 00	
Schuylkill and Lehigh Valley R. R. Co.	2,000	1,000	2,000,000 00	
Rochester Southern R. R. Co.	425	1,000	425,000 00	
Lehigh Valley Coal Co., dated October 1st, 1892 .	1,400	1,000	1,400,000 00	
Lehigh Valley Coal Co., dated April 30th, 1897 .	1	5,000,000	5,000,000 00	
Hazleton Coal Co.	2,000	1,000	2,000,000 00	
Coal Ridge Improvement and Coal Co., dated May 27th, 1867	1	184,500	184,500 00	
Coal Ridge Improvement and Coal Co., dated June 1st, 1874	400	500	200,000 00	
Lehigh Valley Terminal Ry. Co. Car Trust	900	1,000	900,000 00	
Greenville and Hudson Ry. Co.	7	50,000	350,000 00	
STOCKS.	SHARES.			\$12,959,500 00
Depew and Tonawanda R. R. Co.	5,000	\$100	\$500,000 00	
Easton and Northern R. R. Co.	6,000	50	300,000 00	
Greenville and Hudson Ry. Co.	4,000	100	400,000 00	
Loyalsock R. R. Co.	6,000	50	300,000 00	
Lehigh Valley R. W. Co.	59,000	100	5,900,000 00	
Lehigh Valley Terminal Ry. Co.	100,000	100	10,000,000 00	
Lehigh Valley Transportation Co.	7,500	100	750,000 00	
Pittstown Branch Ry. Co.	400	100	40,000 00	
Perth Amboy and Raritan Ry. Co.	600	20	12,000 00	
Rochester Southern R. R. Co.	8,000	100	800,000 00	
Schuylkill and Lehigh Valley R. R. Co.	39,968	50	1,998,400 00	
Wilkesbarre and Harvey's Lake R. R. Co.	3,000	50	150,000 00	
Waverly and State Line R. R. Co.	100	100	10,000 00	
Canastota Northern R. R. Co.	2,000	100	200,000 00	
Canal R. R. Co.	6,000	10	60,000 00	
Elmira Transfer Ry. Co.	100	100	10,000 00	
Elmira, Cortland and Northern R. R. Co.	20,000	100	2,000,000 00	
Hazleton Coal Co.	10,000	50	500,000 00	
Lehigh Valley Coal Co.	13,000	50	650,000 00	
Lehigh and New York R. R. Co., preferred	21,483	100	2,148,300 00	
Pennsylvania and New York Canal and R. R. Co. .	21,024	50	1,051,200 00	
Westwood Coal Co.	3,300	50	165,000 00	
Buffalo Creek R. R. Co.	1,250	100	125,000 00	
Anthracite Coal and Improvement Co.	12,893	20	257,860 00	
Coal Ridge Improvement and Coal Co.	32,302	25	807,550 00	
Coal Ridge Improvement and Coal Co., preferred .	3,460	25	86,500 00	
Highland Coal Co.	2,400	50	120,000 00	
Mineral Spring Coal Co.	1,959	100	195,900 00	
National Docks and New Jersey Junction Connect- ing Ry. Co.	2,715	100	271,500 00	
New York and Middle Coal Field R. R. and Coal Co.	42,446	25	1,061,150 00	
Wyoming Valley Coal Co.	9,222	100	922,200 00	
*Easton and Amboy R. R. Co.	60,000	100	6,000,000 00	
*National Docks Ry. Co.	13,750	100	1,375,000 00	
Total par value				39,167,560 00
				\$52,127,060 00

SUMMARY.

Value of bonds as per books \$11,565,308 17
Value of stocks as per books 26,321,871 51

Total \$37,887,179 68

* Owned by Lehigh Valley Terminal Ry. Co.

Table 8.

STATEMENT OF SECURITIES OWNED BY LEHIGH VALLEY
RAILROAD COMPANY.

NOT COVERED BY COLLATERAL TRUST DEED.

BONDS.	BONDS.	EACH.	PAR VALUE.	TOTAL.
Middlesex Valley R. R. Co.	389	\$1,000	\$389,000 00	
Genesee and Wyoming Valley R. R. Co.	150	1,000	150,000 00	
Glen Summit Hotel and Land Co.	79	1,000	79,000 00	
Mansion House Hotel Co.	14	500	7,000 00	
				\$625,000 00
STOCKS.	SHARES.			
Middlesex Valley R. R. Co.	5,000	\$100	\$500,000 00	
Seneca County Ry. Co.	100	100	10,000 00	
Bay Creek Ry. Co.	200	100	20,000 00	
Bay Side Ry. Co.	100	\$20 paid.	2,000 00	
Middlesex Ry. Co.	100	\$20 paid.	2,000 00	
Newark Bay Ry. Co.	500	\$20 paid.	10,000 00	
Jersey City Belt Line Ry. Co.	600	\$20 paid.	12,000 00	
New York Transit and Terminal Ry. Co.	124	\$50	6,200 00	
Montrose Ry. Co.	3,361	50	168,050 00	
Buffalo, Thousand Islands and Portland R. R. Co.	2,500	100	250,000 00	
People's Ry. Co.	348	20	6,960 00	
Stony Creek R. R. Co.	400	50	20,000 00	
National Docks Ry. Co.	750	100	75,000 00	
Packer Coal Co.	76	50	3,800 00	
Locust Mountain Coal and Iron Co.	27	50	1,350 00	
Weatherly Water Co.	600	10	6,000 00	
Hazleton Water Co.	300	50	15,000 00	
Hazle Water Co.	100	\$5 paid.	500 00	
Locust Mountain Water Co.	1,000	\$50	50,000 00	
Paxinosa Land and Improvement Co.	200	50	10,000 00	
Philadelphia Floating Elevator Association	50	400	20,000 00	
Morris Canal and Banking Co., consolidated	3,183	100	318,300 00	
Morris Canal and Banking Co., preferred	2,714	100	271,400 00	
Morris Canal and Banking Co., scrip			58,297 50	
				1,836,857 50
Total par value				\$2,461,857 50

SUMMARY.

Value of bonds as per books	\$334,802 00
Value of stocks as per books	1,204,030 56
Total	<u>\$1,538,832 56</u>

Total par value of all securities	\$54,588,917 50
Value of all securities as per books	39,426,012 24

Table 9.

STATEMENT OF SECURITIES OWNED BY LEHIGH VALLEY
COAL COMPANY.

STOCKS.

NAME.	SHARES.	EACH.	PAR VALUE.
Locust Mountain Coal and Iron Company	6,304	\$50	\$315,200 00
Delano Land Company	7,000	50	350,000 00
Total par value			\$665,200 00
Value of the above as per books			\$693,568 00

Table 10.

STATEMENT OF MILES OF ROAD OPERATED.

The total mileage of the Lehigh Valley system on November 30th, 1897, was as follows:—

	LENGTH OF ROAD.	DOUBLE TRACK.	SIDINGS.	TOTAL SINGLE TRACK, MILES.
Easton and Amboy Railroad:—				
Main line and branches	107.747	83.930	154.613	346.290
Easton and Northern Railroad:—				
Main line	8.137	. . . . .	2.047	10.184
Lehigh Division:—				
Main line and branches	59.681	47.577	131.877	239.135
Pottsville Branch:—				
Main line and branches	42.269	. . . . .	10.489	52.758
Mahanoy Division:—				
Main line and branches	70.242	37.509	36.569	144.320
New Boston Branch:—				
Main line and branches	32.874	5.746	12.919	51.539
Hazleton Division:—				
Main line and branches	54.953	12.823	49.043	116.819
Beaver Meadow Division:—				
Main line and branches	20.108	9.501	19.259	48.868
Wyoming Division:—				
Main line and branches	132.247	73.196	124.497	329.940
Pennsylvania and New York Division:—				
Main line and branches	173.060	86.327	92.094	351.481
Buffalo Division:—				
Main line and branches	313.779	186.057	152.440	652.276
Auburn Division:—				
Main line and branches	300.607	. . . . .	66.603	367.210
Total	1,315.704	542.666	852.450	2,710.820

Table 11.

STATEMENT OF LOCOMOTIVE EQUIPMENT.

Number of locomotives:—

Owned November 30th, 1896	750
Awaiting condemnation November 30th, 1896	4
On hand November 30th, 1896	754
Condemned December 1st, 1896 to November 30th, 1897	17
Sold	737
	1
Added (Engine No. 62 returned by Genesee and Wyoming Valley Railroad)	736
	1
Owned November 30th, 1897	737

LOCOMOTIVES IN SHOP.

	REBUILDING.	GENERAL REPAIRS.	LIGHT REPAIRS.	WAITING.	TOTAL.
November 30th, 1896	2	30	45	12	89
November 30th, 1897	1	38	26	15	80

Table 12.

STATEMENT OF CAR EQUIPMENT.

KINDS OF CARS.	OWNED NOVEMBER 30th, 1896.	DESTROYED AND SOLD DURING FISCAL YEAR.	BUILT OR PURCHASED.	OWNED NOVEMBER 30th, 1897.
Passenger cars	243	2	2	243
Chair cars	12			12
Dining cars	3			3
Special cars	4			4
Pay car	1			1
Combination cars	69			69
Baggage and mail cars	33			33
Express cars	38			38
Fruit cars	11	1		10
Postal cars	3			3
Milk cars			40	40
Box cars	14,847	149	2	14,700
Poultry cars	25			25
Stock cars	143	1	1	143
Lime cars	35	3		32
Bark cars	50	1		49
Flat cars	675	45		630
Gondola cars	1,852	78		1,774
Platform cars	19			19
Coal cars (4 wheels)	17,520	2,477		15,043
" (8 wheels)	12,129	70		12,059
Service cars	807	61		746
Cabooses	322	14	1	309
Total	48,841	2,902	46	45,985

TONNAGE CAPACITY FREIGHT AND COAL CARS.

November 30th, 1896	897,160 tons.
November 30th, 1897	873,558 "
Decrease in coal-car tonnage during fiscal year 1897	17,452 "
Decrease in freight-car tonnage during fiscal year 1897	6,150 "

	NOVEMBER 30th, 1896.	NOVEMBER 30th, 1897.
Cars equipped with Master Car Builders' coupler	20,710	22,803
" " air brake	12,118	12,878

Table 13.

FREIGHT STATISTICS.

TOTAL TONNAGE OVER ROAD IN TONS OF 2000 LBS.

	1897	1896	INCREASE.	DECREASE.
Anthracite coal, including supply coal . . .	10,278,410	11,534,854		1,256,444
Bituminous coal and coke	1,251,637	819,938	431,699	
Miscellaneous freights	6,339,526	6,520,576		181,050
	17,869,573	18,875,368		1,005,795

TONS CARRIED ONE MILE.

	1897	1896	INCREASE.	DECREASE.
Anthracite coal	1,174,929,703	1,265,097,168		90,167,465
Bituminous coal and coke	98,809,358	68,854,844	29,954,514	
Miscellaneous freights	1,548,289,445	1,555,587,281		7,297,836
	2,822,028,506	2,889,539,293		67,510,787

FREIGHT AVERAGES.

	1897	1896	INCREASE.	DECREASE.
Average rate per ton on coal	74.24 cents.	69.80 cents.	4.44 cents.	
Average rate per ton on coal exclusive of supply coal	81.90 cents.	76.63 cents.	5.27 cents.	
Average rate per ton on miscellaneous freight	116.78 cents.	114.59 cents.	2.19 cents.	
Average rate per ton on total tonnage	89.34 cents.	85.27 cents.	4.07 cents.	
Average rate per ton on total tonnage, exclusive of supply coal	95.07 cents.	90.56 cents.	4.51 cents.	
Average rate per ton per mile on coal . . . . .	.672 cents.	.646 cents.	.026 cents.	
Average rate per ton per mile on coal, exclusive of supply coal . . . . .	.712 cents.	.683 cents.	.029 cents.	
Average rate per ton per mile on miscellaneous freight . . . . .	.478 cents.	.480 cents.	.002 cents.	
Average rate per ton per mile on total tonnage . . . . .	.566 cents.	.557 cents.	.009 cents.	
Average rate per ton per mile on total tonnage, exclusive of supply coal . . . . .	.580 cents.	.571 cents.	.009 cents.	
Average miles carried: Coal	110.47	107.97	2.50	
Average miles carried: Miscellaneous freight	244.23	238.57	5.66	
Average miles carried: Total tonnage	157.92	153.08	4.84	
Freight earnings per mile of road, including coal	\$12,133 34	\$12,424 09		\$290 75
Freight earnings per train mile, including coal	138.752 cents.	125.823 cents.	12.929 cents.	

FREIGHT EARNINGS BY MONTHS.

MONTH.	COAL.		MISCELLANEOUS FREIGHT.	
	Net Tons.	Revenue.	Net Tons.	Revenue.
December, 1896	946,891	\$663,141 07	523,364	\$635,236 81
January, 1897	831,539	537,861 49	442,491	527,432 64
February, "	787,835	521,290 06	458,711	545,764 22
March, "	737,726	510,501 72	459,163	591,067 86
April, "	764,567	514,226 57	493,010	606,440 23
May, "	731,826	521,335 46	499,915	599,165 28
June, "	788,475	536,874 05	485,503	568,833 09
July, "	992,420	781,542 92	420,909	495,022 38
August, "	1,209,180	1,045,459 00	538,948	571,289 38
September, "	954,945	652,283 16	656,993	710,073 26
October, "	1,434,292	1,200,742 84	701,769	792,462 39
November, "	1,350,351	1,075,159 73	658,750	760,683 29
Total	11,530,047	\$8,560,418 07	6,339,526	\$7,403,470 83

Table 14.

PASSENGER STATISTICS.

	1897	1896	INCREASE.	DECREASE.
Number of passengers carried	4,881,610	5,020,864	. . . . .	139,254
Number of passengers carried one mile	135,489,011	126,179,711	9,309,300	. . . . .
Average mileage per passenger	27.75	25.13	2.62	. . . . .
Average receipts per passenger	54.75 cents.	50.92 cents.	3.83 cents.	. . . . .
Average receipts per passenger per mile	1.973 cents.	2.026 cents.	. . . . .	.053 cents.
Passenger train earnings per mile of road	\$2,031 27	\$1,973 36	\$57 91	. . . . .
Passenger train earnings per train mile	43.198 cents.	41.991 cents.	1.207 cents.	. . . . .

PASSENGER EARNINGS BY MONTHS.

MONTH.	PASSENGERS.	REVENUE.
December, 1896	371,883	\$193,707 00
January, 1897	376,552	179,231 19
February, "	336,515	166,227 64
March, "	369,587	185,327 04
April, "	355,948	196,544 30
May, "	349,049	196,456 51
June, "	385,264	218,479 19
July, "	467,375	258,921 02
August, "	534,138	311,135 89
September, "	484,448	293,521 54
October, "	444,746	256,350 06
November, "	406,105	216,645 75
Total	4,881,610	\$2,672,547 13

Table 15.

STATEMENT OF DISTRIBUTION OF ANTHRACITE COAL IN TONS OF
2240 POUNDS TRANSPORTED OVER THE LEHIGH VALLEY RAILROAD
FOR THE FISCAL YEAR ENDED NOVEMBER 30th, 1897.

POINTS OF DELIVERY.	1897	1896	INCREASE.	DECREASE.	PER CENT. OF INCREASE OR DECREASE.
Local points	1,526,411	1,542,475	. . . . .	16,064	Dec. 1.04
North Fair Haven	47,600	49,713	. . . . .	2,113	" 4.25
Ithaca Docks	72,928	75,114	. . . . .	2,186	" 2.91
Buffalo, Bridges, &c.	838,458	966,056	. . . . .	127,598	" 13.21
Morris Canal	211,616	203,607	8,009	. . . . .	Inc. 3.93
Tide points	1,715,464	1,871,953	. . . . .	156,489	Dec. 8.36
New York Central and Hudson River R. R. . . .	167,963	165,961	2,002	. . . . .	Inc. 1.21
Rome, Watertown and Ogdensburg R. R. . . .	37,534	41,405	. . . . .	3,871	Dec. 9.35
Western New York and Pennsylvania R. R. . . .	11,267	13,010	. . . . .	1,743	" 13.40
Buffalo, Rochester and Pittsburg R. R.	15,406	10,713	4,693	. . . . .	Inc. 43.80
Genesee and Wyoming Valley R. R.	1,053	1,193	. . . . .	140	Dec. 11.73
Erie Railroad	108,632	15,013	93,619	. . . . .	Inc. 623.59
New York, Susquehanna and Western R. R. . . .	321,406	702,167	. . . . .	380,761	Dec. 54.23
Lehigh and New England R. R.	29,219	23,924	5,295	. . . . .	Inc. 22.13
Central R. R. of New Jersey	33,892	37,731	. . . . .	3,839	Dec. 10.17
Philadelphia and Reading Ry.	163,966	174,442	. . . . .	10,476	" 6.00
Pennsylvania R. R.	1,164,236	1,149,075	15,161	. . . . .	Inc. 1.32
Lehigh and Hudson River R. R.	7,050	8,388	. . . . .	1,338	Dec. 15.95
Delaware, Lackawanna and Western R. R. . . .	2,558	2,437	121	. . . . .	Inc. 4.94
New York, New Haven and Hartford R. R. . . .	220,516	185,484	35,032	. . . . .	" 18.89
Trackage	2,029,505	2,304,818	. . . . .	275,313	Dec. 11.94
Supply	450,472	754,298	. . . . .	303,826	" 40.28
Total	9,177,152	10,298,977	. . . . .	1,121,825	Dec. 10.89
Total in tons of 2000 pounds	10,278,410	11,534,854	. . . . .	1,256,444	Dec. 10.89

Table 16.

CLASSIFICATION OF MISCELLANEOUS FREIGHT TONNAGE.

	1897	1896	INCREASE.	DECREASE.	PER CENT. OF INCREASE OR DECREASE.
	Net Tons.	Net Tons.			
Grain	1,404,791	1,471,425	. . . . .	66,634	Dec. 4.53
Flour	324,691	360,376	. . . . .	35,685	" 9.90
Other mill products	154,958	174,090	. . . . .	19,132	" 10.99
Hay	253,544	218,766	34,778	. . . . .	Inc. 15.90
Fruits and vegetables	158,477	158,288	189	. . . . .	" .12
Other agricultural products	64,549	68,474	. . . . .	3,925	Dec. 5.73
Live stock	138,531	163,495	. . . . .	24,964	" 15.26
Dressed meats	125,380	135,121	. . . . .	9,741	" 7.21
Hides and leather	23,475	21,172	2,303	. . . . .	Inc. 10.88
Milk	37,998	36,423	1,575	. . . . .	" 4.32
Other products of animals	28,687	22,289	6,398	. . . . .	" 28.70
Ores	139,651	170,195	. . . . .	30,544	Dec. 17.95
Stone, sand, and other like articles	279,960	281,746	. . . . .	1,786	" .63
Roofing slate	59,658	60,602	. . . . .	944	" 1.56
Lumber	579,157	620,674	. . . . .	41,517	" 6.69
Bark	37,201	27,382	9,819	. . . . .	Inc. 35.86
Petroleum and other oils	66,937	79,858	. . . . .	12,921	Dec. 16.18
Iron—pig	134,641	135,996	. . . . .	1,355	" 1.00
Iron and steel rails	43,242	45,181	. . . . .	1,939	" 4.29
Copper and lead—pig	53,262	36,181	17,081	. . . . .	Inc. 47.21
Bar and sheet metal	105,393	123,754	. . . . .	18,361	Dec. 14.84
Cement, brick, and lime	405,882	325,991	79,891	. . . . .	Inc. 24.51
Wines, liquors, and beers	24,811	28,532	. . . . .	3,721	Dec. 13.04
Sugar and glucose	140,635	141,155	. . . . .	520	" .37
Salt	55,719	44,640	11,079	. . . . .	Inc. 24.82
Other miscellaneous	1,498,296	1,568,770	. . . . .	70,474	Dec. 4.49
Total	6,339,526	6,520,576	. . . . .	181,050	Dec. 2.77
Company material	206,097	155,562	50,535	. . . . .	Inc. 32.48



